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RECORDATION NO. 20855

FILED

SEP 9 '97

1-51 PM



September 5, 1997

BY FEDERAL EXPRESS

**Re: Form of Memorandum of Railcar Lease dated August 27, 1997
between The Dakota, Minnesota & Eastern Railroad Company
and The CIT Group/Equipment Financing, Inc.**

Enclosed herewith are two (2) originals of the above-referenced Form of Memorandum of Railcar Lease, duly executed and notarized. Please have the enclosed recorded with the Surface Transportation Board urgently, thereafter returning one stamped recorded original to my attention.

Should you have any questions, please do not hesitate to give me a call. Thank you for your assistance on this matter.

Very truly yours,


Indra Bedasie

Enclosure

cc: N. Coblazo
S. Darnell, Esq.
J. Wickham

609.ltr

A company of
Dai-ichi Kangyo Bank and
Chase Manhattan Corporation

RECEIVED
SURFACE TRANSPORTATION
BOARD
SEP 9 1 51 PM '97

Counter parts R. V.

SEP 9 '97

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FORM OF MEMORANDUM OF RAILCAR LEASE

THIS MEMORANDUM OF RAILCAR LEASE dated as of this 27th day of Aug, 1997, is made by The Dakota, Minnesota & Eastern Railroad Company, a Delaware corporation, with an address at 339 Twenty Second Avenue South, Brookings, South Dakota 57006 (the "Lessee"), and The CIT Group/Equipment Financing, Inc., a New York corporation, with an address at 1211 Avenue of the Americas, New York, New York 10036 (the "Lessor" and, together with the Lessee, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Lessor and the Lessee entered into that certain Master Railcar Lease (the "Lease") dated as of the date hereof covering the equipment listed on Schedule 01 hereto (the "Equipment");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Lease, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Equipment to the Lessee in accordance with the terms and conditions of the Lease, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

IN WITNESS WHEREOF, the undersigned has caused this Document to be executed by a duly authorized officer as of the day and year first above written.

THE CIT GROUP/EQUIPMENT FINANCING, INC.,

By: Nancy Nardella Coblazo
Name: Nancy Nardella Coblazo
Title: Vice President


THE DAKOTA, MINNESOTA & EASTERN RAILROAD COMPANY

By: Keith Kupec
Name: Keith Kupec
Title: Gm Railcar Fleet

STATE OF SD)
)
COUNTY OF) SS:
Brookings)

On this 27th day of August, 1997 before me personally appears Keith Kupec, to me personally known, who by me duly sworn, says that he/she is the General Manager Railcar Fleet of THE DAKOTA, MINNESOTA & EASTERN RAILROAD (the "Company"), that the foregoing instrument was signed on behalf of the said Company by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.


Notary Public

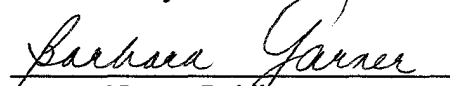
[SEAL]

My Commission expires: 10/15/2002

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) SS:

On this 2nd day of September, 1997 before me personally appears NANCY NARDELLA BALAZO, to me personally known, who by me duly sworn, says that he/she is the VICE-PRESIDENT of THE CIT GROUP/EQUIPMENT FINANCING, INC. (the "Company"), that the foregoing instrument was signed on behalf of the said Company by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.


Notary Public

[SEAL]

My Commission expires

BARBARA GARNER
Notary Public, State of New York
No. 01GA5065133
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires Sept. 3, 1998

SCHEDULE 01

| <u>Quantity</u> | <u>Equipment Description</u> | <u>Reporting Marks and Numbers</u> |
|-----------------|--------------------------------------|------------------------------------|
| Up to 35 | 50' 70" Double Door Plate Boxcars | DME 5300 - 5334 |